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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

July 17, 2007

CERTIFIED MAIL
7002 0510 0003 8603 4155

Mr. Jim Runquist
TME Asphalt Ridge
4526 Ridgeview Drive
Eagan, MN 55123

Subject: Findings of Fact, Conclusions, Order and Finalized Assessment for MC-2006-03-14-01,
Cameron#1 Mine, M0470036, TME Asphalt Ridge, Uintah County, Utah

Dear Mr. Runquist:

On January 22, 2007, an Informal Conference was held to review the proposed fine for state violation MC-2006-03-14-01. As a result of a review of all pertinent data and facts, including those presented in the Informal Conference, the attached documents constitute the findings of fact, conclusions, order, and finalized assessment.

The civil penalty has been assessed at 15 points, or \$330.00 dollars. Within fifteen (15) days of your receipt of this letter, you or your agent may make a written appeal to the Board of Oil, Gas and Mining. To do so, you must escrow the assessed civil penalties of \$330.00 with the Division within thirty (30) days of receipt of this letter, but in all cases prior to the Board Hearing. Failure to comply with this requirement will result in a waiver of your right of further recourse.

If no timely appeal is made, this assessed civil penalty must be tendered within thirty (30) days of your receipt of this letter. Please remit payment to the Division of Oil, Gas and Mining, mail c/o Vickie Southwick at the address listed below.

Sincerely,

Mary Ann Wright
Associate Director, Mining
Assessment Conference Officer

MAW
Enclosures:
Email: David Bower
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UTAH DIVISION OF OIL, GAS AND MINING
WORKSHEET FOR **FINAL** ASSESSMENT OF PENALTIES

COMPANY: TME Asphalt Ridge
VIOLATION: MC-06-03-14-01

PERMIT: Cameron#1 0470036, Uintah County

ASSESSMENT CONFERENCE OFFICER: Mary Ann Wright

| | Proposed Assessment | Informal Conf Final Assessment |
|---------------------------------|------------------------|--------------------------------------|
| (1) History/Previous Violations | <u>0</u> | <u>0</u> |
| (2) Seriousness | <u>25</u> | <u>25</u> |
| (3) Negligence | <u>8</u> | <u>6</u> |
| (4) Good Faith | <u>pending</u> | <u>-16</u> |
| Total Points | <u>33</u> | <u>15</u> |

TOTAL Final Informal Conference ASSESSED FINE \$ 330.00

NARRATIVE: Change is made in this final assessment of conducting mining activities outside the bonded areas. This violation was already assessed at a proposed amount of 33 points and \$1,430.00. The Operator was not paying attention to the amount of area that was being disturbed and simply expanded beyond the five-acre limit. The operator should have known to stay within the small mine boundary. This indicates indifference to the rules or lack of reasonable care. The Operator is considered negligent because they were not careful to stay within the permit boundary. Points are assigned near the middle of the negligence range and slightly reduced since the operator was attempting to establish the extent of utilities placed by prior operators.

Good faith points are given for diligent response in performing difficult abatement, which consisted of on the ground reclamation, and providing further maps and mine permit information.

(Brief explanation for any changes made in assignment of points and any additional information that was available after the proposed assessment.)

BEFORE THE DIVISION OF OIL, GAS AND MINING
MINERALS REGULATORY PROGRAM
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

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|------------------------------|---|-----------------------|
| IN THE MATTER OF THE Cameron | : | INFORMAL CONFERENCE |
| #1 Mine, Uintah COUNTY, UTAH | | For MC 2006-03-14-01 |
| | : | FINDINGS, CONCLUSIONS |
| | | AND ORDER |
| | | CAUSE NO. M0470036 |
| | : | |
| | | --- |

On January 22, 2007, the Division of Oil, Gas and Mining ("OGM") held an informal conference concerning the Fact of Violation and the Assessment for Cessation Order, MC-2006-03-14-01 issued to TME Asphalt Ridge, the Cameron #1 Mine, Uintah County, Utah. The following attended for the Division: Paul Baker.

| | |
|-------------|--|
| Presiding: | Mary Ann Wright Associate Director, Mining Division of Oil, Gas and Mining |
| Petitioner: | David Bower, Engineer for Temple Mountain Energy, Inc. and Jim Runquist, CEO |

The Findings, Conclusions, and Order in this matter are based on information provided by the Petitioner and the Division in connection with this informal conference, and on information in the files of the Division.

FACTS PRESENTED: Fact of the Cessation Order and Assessment

1. On January 22, 2007, the Division of Oil, Gas and Mining (OGM or Division) held an Informal Conference concerning the Cessation Order issued at the Cameron Mine, Uintah County, Utah.
2. Cessation Order MC-2006-03-14-01 was issued 11/15/2006 for "Failure to gain approval of a NOI to Commence Large Mining Operations prior to expanding the operation beyond five acres".

3. In an email received 1/04/07, David Bower requested an Informal Conference. Notice of the informal conference was properly given. Pursuant to Utah Code Ann. Section 40-8- 9 and Utah Administrative Rule R647-6-102.
4. At the informal conference, the following information was presented to the Conference Officer.
5. Mr. Bower provided the Cameron Mine Operational Report that gave a history of the site going back to 1954 when it was held by SOHIO. Topsoil had been salvaged, overburden had been mined and up to 50 acres had been impacted from past activities. There is a transformer at the site as well as a sewer system and water pipes. Mr. Bower stated that the company was trying to figure out problems with the pit and sewer, investigate the substation, water tank and water line, and expand the some of the area for a truck turn-around. Also, approximately 10,000 to 30,000 tons of material were needed by the County and was recently mined at the site. He thought they actually had about 10 acres of disturbance, total.
6. Mr. Bower stated that they believed it was more critical to know what the environmental liability was for the company in the way of buried problems at the site thus their investigations may have gotten beyond the area that was approved for disturbance.
7. Disturbance occurred on fee land leased from Asphalt Ridge LLC, and SITLA leases.
8. Mr. Bower pointed out that they were not indifferent to the mining laws, they were actually trying to improve the site and in so doing went past the bonded area bounds.
9. The Division represented that a GPS map made on site showed about 9.28 acres of disturbance, while they were only bonded for 7 acres.
10. The LMO re-submittal was due to be turned in soon, but the company was trying to figure out the problems related to the sewer and pit prior to finalizing the re-submittal.

CONCLUSIONS

- Mining outside of the bonded area occurred. There was a reclamation surety posted with the state of Utah for 5 acres plus for 2 more acres. The Company tried to be prudent in bonding and permitting additional acreage but the earth-disturbing activities still went outside of the bonded amount. The Fact of the Violation (CO) should stand.


- Facts were presented which were taken into consideration of a reassessment of this cessation order. This was difficult abatement requiring submittal of maps and reclamation of the disturbed areas outside of the bonded areas. The CO was modified to extend time for updated maps and reclamation.

ORDER

NOW THEREFORE, it is ordered that:

1. Cessation Order MC-2006-03-14-01, issued 11-15-06, is hereby affirmed.
2. The violation is provided a final assessment as shown in the attached worksheet.
3. A fine of \$330.00 is assessed and payable 30 days from receipt of this Final assessment.

SO DETERMINED AND ORDERED this 17th day of July, 2007



Mary Ann Wright, Associate Director, Mining
Conference Officer
Division of Oil, Gas and Mining
State of Utah